

Millennium Challenge Corporation

Reducing Poverty Through Growth



COUNTRY : EL SALVADOR

STATUS : DUE DILIGENCE

LAST UPDATE : JUNE 2006

GENERAL INFORMATION

Population	6,762,439*
GNI Per Capita	\$2,320*
Location	Central America, bordering the North Pacific
Proposed Compact Amount	\$441 million

Amb. Roberto F. Simán

MCA National Coordinator for the Government of El Salvador

"MCC funding represents an offer of hope for converting a dream into reality. The advances we have made in recent years reflect shared interests in reducing poverty through economic growth."

COMPACT PROCESS

DATE

Eligibility Notification	<input checked="" type="checkbox"/>	November 8, 2005
Proposal Receipt	<input checked="" type="checkbox"/>	April 28, 2006
Opportunity Memo	<input checked="" type="checkbox"/>	May 18, 2006
Congressional Notification		
Investment Memo		
Board Approval		
Compact Signing		
Entry into Force		
Initial Disbursement		

PROPOSED GOAL

El Salvador's proposed Program is expected to play a key role in the transformation of the northern region of the country by: (i) significantly increasing the number of households with access to basic services such as water, sanitation and electricity; (ii) improving community infrastructure to facilitate greater access to health and education facilities as well to jobs and markets; (iii) spurring new investment in value-added production chains to increase productivity and competitiveness of local and national businesses; (iv) increasing the number of local people with the necessary skills to drive a growing and diversified economy; and (v) providing modern connectivity to local and regional producers with national, regional and global markets via the northern transnational highway and proposed network of complementary feeder roads.

UPDATE ON PROGRESS

December 2005

- A senior MCC delegation visited El Salvador to present the MCC process and requirements.
- The Government of El Salvador (GOES) established a senior oversight commission and a full-time core technical team.
- The GOES has invested approximately \$1.7 million in support of the development of a proposal for MCA funding.

January-April 2006

- The MCC transaction team initiated a series of visits to El Salvador to provide guidance and coaching on developing a proposal that meets MCC requirements.
- The GOES-MCA team launched a broad and participatory national consultative process to identify activities for funding that represent key national priorities.
- The GOES submitted a well-crafted proposal to MCC on April 28, 2006. The proposal highlights a solid program of national consultations and donor coordination. In addition, the proposal identifies contributions by the GOES supporting the proposed program. MCC's governing legislation requires that governments of lower middle income countries such as El Salvador make appropriate contributions toward meeting the objectives of the Compact.

May 2006

- Due diligence on the GOES proposal commenced on May 22, 2006.

*World Development Indicators, World Bank, 2004